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Director of Central Intelligence

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National Intelligence Daily

Tuesday
29 April 1980

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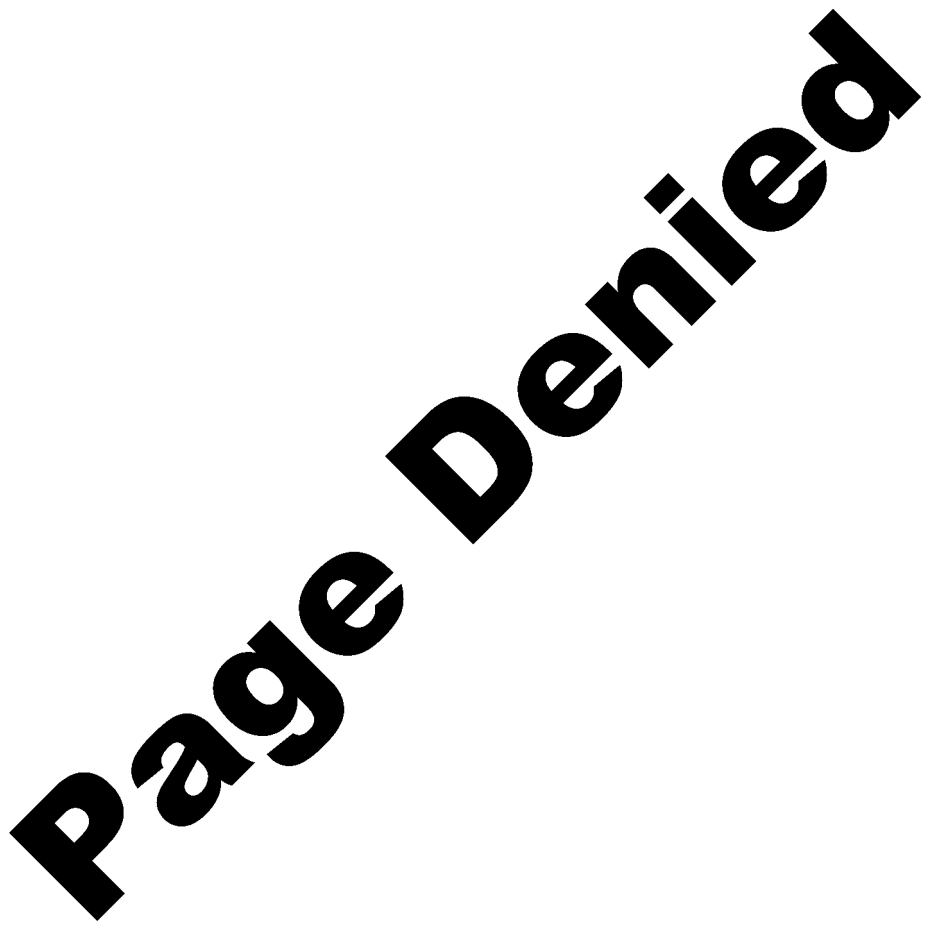

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CIA LATE ITEM

IRAN

An assassination attempt was made on Iranian Foreign Minister Ghotbzadeh this morning in Kuwait. [redacted] 25X1
[redacted] the Kuwaiti Public Security Chief is 25X1
saying Ghotbzadeh is in a hospital, but it is unclear whether he was hit by shots. Kuwait has closed its borders, placed emergency police on alert, and set up roadblocks in the capital. The Kuwaiti Government is stating publicly that many shots were fired on Ghotbzadeh's motorcade, but that no one was hurt. [redacted] 25X1

[redacted]

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SITUATION REPORT

IRAN

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25X1 the Revolutionary Council has custody of the hostages. The militants, however, probably have not given up control. 25X1

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25X1 There was an unconfirmed Tehran radio report that the hostages have been dispersed to Qom, Tabriz, Yazd, Esfahan, and Najafabad. 25X1

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As a result of the abortive rescue mission, there reportedly have been numerous arrests of Iranians suspected of cooperating with the US. Security seems to have deteriorated in Tehran over the last few days, with several explosions in the city and some shooting around the Embassy. 25X1

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Economic Developments

[redacted] 25X1

[redacted] Romania has bought two tankers carrying Iranian oil at $35 a barrel, but that Bucharest does not intend to sign a long-term contract at such a high price. Last week, Iran announced that Romania had agreed to buy 40,000 barrels per day over their 60,000 barrels per day agreement at a price of $35 per barrel. [redacted] 25X1

[redacted] the Iranians may be using the Romanian purchase to convince other buyers that there is demand at $35 per barrel, when in fact Iran faces significant resistance. [redacted] 25X1

[redacted] 25X1

Hungary is not interested in buying Iranian oil at the present asking price. [redacted] Hungary has nothing to offer Iran in barter and speculates that Eastern Europe in general cannot supply Iran with the type and quality of manufactured goods it wants. [redacted] 25X1

[redacted] 25X1

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BRIEFS AND COMMENTS

FRANCE-CHAD: Withdrawal of Forces

The withdrawal of the 1,200-man French military contingent from Chad probably will lead to a resumption of full-scale fighting among the country's 11 factions. 25X1

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French officials apparently intend to move most of the force overland to Cameroon during the next few weeks. French troops helped evacuate Europeans from the former colony during the current round of fighting but have avoided other involvement. 25X1

Paris' decision to withdraw grows out of its concern that staying would risk formal condemnation by the OAU for interfering in Chad's internal affairs. Although several African leaders told the French 25X1
that withdrawal will lead to disaster, none are willing publicly to support the French presence. 25X1

In a larger context, President Giscard may finally have decided that the situation in Chad is hopeless and that restoring order there would require far more troops than France can spare, especially given tension in North Africa and in the Persian Gulf. 25X1

With no moderating forces present in Chad, the anticipated fighting could lead to the breakup of the country into two or more separate states. Although President Goukouni has combined his forces with Vice President Kamougue and Foreign Minister Acyl Ahmat, troops loyal to former Defense Minister Habre--a powerful northern leader--still control most of the capital. 25X1

Libya, which has supported each of the major factions at one time or another, probably will seize on the French departure to try to extend its influence in Chad. The Libyans now occupy 114,000 square kilometers of northern Chad. 25X1

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NIGERIA-ZIMBABWE: Aid From Lagos

Nigerian President Shagari last week pledged $18 million to the new Zimbabwe Government for civilian manpower training. Shagari's pledge underscores Lagos' commitment to majority rule in southern Africa. Nigerian economic aid to other African countries in the past five years has totaled only $40 to $50 million. Nigeria's diplomatic mission in Salisbury reportedly will include a military mission, suggesting that Lagos will also consider requests for military assistance.

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SOUTH YEMEN: Hasani Assumes Leadership

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Hasani was officially installed as President last weekend. He is the first South Yemeni leader to serve simultaneously as head of government, party, and state.

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SPECIAL ANALYSES

ARGENTINA: Expanding Nuclear Program

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Argentina has scored a major breakthrough in its efforts to import advanced technology to develop its nuclear program without having to accept "full-scope" safeguards that would also cover the indigenous nuclear facilities that it plans to build on its own.

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The Argentine Government completed negotiations last month with Switzerland to purchase a heavy-water production plant and with West Germany to build a third nuclear power reactor. The successful negotiation of these contracts without having to agree to "full-scope" safeguards has given a tremendous psychological boost to Argentine nuclear experts, who had been concerned that US and Canadian pressure would persuade the two European suppliers to insist on more stringent safeguards. If the West Germans and the Swiss had maintained a united front with Canada and the US on this issue, Argentina would have been faced with accepting broader safeguards or suffering a serious slowdown in its nuclear power program.

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The heavy-water plant, scheduled to be completed in 1984, will provide Argentina with an indigenous source of the moderator and coolant it needs for natural uranium reactors. The reactor, projected for startup in 1987, will be followed by three more large power plants that Argentina hopes to have operating by the year 2000.

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The failure of the West Germans and Swiss to persuade Argentina to accept "full-scope" safeguards probably has established a precedent for future Argentine contract negotiations. Most states supplying sensitive nuclear materials or equipment must accept that Argentina, which has not signed the nuclear Non-Proliferation Treaty, will adamantly resist safeguards on nuclear facilities based exclusively on its own technology.

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Argentina will still need to import technology, but it plans increasingly to rely on domestic firms in the construction of the additional power reactors. Buenos Aires hopes to increase participation by domestic firms in construction of the plants to about 90 percent by the 1990s.

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In future negotiations for nuclear materials and equipment, Argentina is likely to avoid seeking new deals with either the US or Canada if they continue to insist on more stringent safeguards and export controls. The Videla government resents Washington's decision to delay the shipment of enriched uranium for Argentina's research reactors, particularly since the requests for the fuel were submitted before the new safeguard requirements established by the US Non-Proliferation Act of 1978 became effective. The two governments could still reach an understanding on safeguards pertaining to the Argentine nuclear program that would enable the US Government to resume these shipments, but the protracted dispute over this issue has encouraged Argentina to look elsewhere for enriched uranium.

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Soviet Assistance

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The impetus for cooperation between Argentina and the USSR reflects in part Moscow's desire to improve relations with a traditional US ally that has reacted adversely to criticism from Washington on human rights and nuclear proliferation. There is no evidence thus far, however, that the Soviets have violated their international legal commitments in their capacity as a supplier state.

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Dealings with Brazil

Argentina's success in avoiding stringent supplier restrictions could provide a new dimension to its nuclear cooperation agreement with Brazil, scheduled to be signed when the presidents of the two countries meet next month in Buenos Aires. Despite major differences in the technologies and status of their nuclear programs, both nations have reacted with similar nationalistic opposition to US nonproliferation policies. Officials of both governments predict that a nuclear agreement will highlight the growing spirit of cooperation between these traditional rivals and thereby undercut international demands for Argentina and Brazil to adopt "full-scope" safeguards.

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They may discuss possible Argentine adherence to the Treaty of Tlatelolco, which would establish a nuclear-weapons-free zone in the continent. The treaty has been signed and ratified by all Latin American countries except Cuba and Argentina. In addition, there are indications that the two countries want to work together to press industrial nations to provide sophisticated technology with as few restrictions as possible, and even some talk that Argentine-Brazilian cooperation may establish the basis for a South American version of EURATOM.

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CUBA: Implications of Refugee Situation

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By initiating a massive exodus of Cubans directly to the US, President Castro hopes to alleviate growing domestic pressures on his regime. The Cuban leader probably believes his tactics will press the US to negotiate on his terms to control the flow. Continued disorder in Mariel, however, could create new domestic problems for Castro and cost him international prestige.

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Castro's primary objective is to get rid of political malcontents as well as those dissatisfied with economic conditions. Over the past few years crime, vandalism, worker apathy, illegal departures, and even some isolated incidents of antigovernment activity have increased.

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The Cuban leader also is retaliating against Peru and Venezuela, which had embarrassed his regime by granting asylum to people forcing their way into those countries' embassies. Similarly, Havana is striking back at the US for failing to prosecute boat hijackers. In addition, Cuba wants to embarrass the US by portraying Washington's reluctance to accept the refugees as a contradiction of its human rights policy.

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Castro apparently believes that he is in the driver's seat and that he can retain the initiative regardless of what the US does. He will continue--and may step up--the flow of refugees in order to press Washington to enter into formal negotiations.

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In any discussions with the US, Castro will resist attempts to involve other countries or international organizations and will push the US to accept large numbers of refugees. He also may seek assurances that, despite planned US military maneuvers and "threatening" statements by US leaders, the US has no hostile intent toward Cuba. In addition, he may exert pressure on the US to prosecute those who hijack boats to Florida.

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Castro hopes to keep the US on the defensive by stirring up an international outcry over the US military

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exercises beginning on 8 May at Guantanamo Bay Naval Base. His address at a massive rally on 1 May probably will key the campaign. The Cubans also are planning their own military maneuvers and large demonstrations throughout the island on the first day of the US exercises--including a march of one million people past the US Interests Section in Havana.

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Pressures on the Regime

In recent months, Castro has become increasingly disturbed by signs of what he regards as growing US hostility toward Cuba. He probably also fears that Washington might--particularly in the wake of the abortive rescue attempt in Iran--act precipitously against his regime. The Cuban President sees events in Central America as heightening internal pressures on the US for action to contain Communism, and he believes that Cuba would be the most inviting target.

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If the chaos caused by the refugee exodus begins to work against him, however, Castro could find it more difficult to dictate terms. Over 1,000 boats are tied up at Mariel harbor, and the Cubans are encountering growing problems in processing the refugees. Such difficulties apparently already have forced Havana to suspend plans for permitting private aircraft to pick up refugees.

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Although Havana had announced that any Cuban may leave the island, some have been denied exit permits. As the flow of emigres becomes more orderly the government is likely to tighten its restrictions for departure--particularly on military-aged males. The refusal of several hundred Cubans to vacate the Peruvian Embassy pending guarantee of safe passage could further undercut Castro's credibility.

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Implications

The departure of between 200,000 to 500,000 persons--2 to 5 percent of the population--would alleviate some economic difficulties. The actual benefits, however, would be limited.

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Such an exodus would reduce pressure in the housing sector, but it would bring only a small and temporary reduction in demand for food and scarce consumer goods. While Cuba has an overall surplus of labor, the sudden departure of skilled individuals could disrupt some sectors of the economy.

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The domestic political benefits could be higher. Castro has been successfully using the refugees as a scapegoat for the regime's economic failures, and a mass exodus would reduce the need for greater repression. On the other hand, the continued presence of boats waiting to pick up friends and relatives could have an increasingly unsettling effect over time on those who remain.

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Castro evidently recognizes that his actions will have negative repercussions in Latin America, and he probably has written off any major Cuban gains there in the near future. Relations with Peru and Venezuela will be the most seriously affected, but the negative fallout probably will not be significant in those states generally friendly toward the Castro regime. If Castro does not resolve the refugee issue rapidly, however, Cuba is likely to fail again in its bid for a seat on the UN Security Council.

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Havana is on the defensive elsewhere because of its efforts to softpedal the Soviet invasion of Afghanistan. Prolonging the refugee crisis is likely to erode Havana's influence among Third World states. Moreover, no matter how the refugee issue is resolved, Cuba is bound to lose some of its allure as a model for economic development.

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